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SUBJECT: BANGLADESH ON THE CUSP: AMBASSADOR AND A/DAS OWEN
OUTLINE OPPORTUNITIES AND RISKS FOR PRIME MINISTER

REF: DHAKA 879

Classified By: Ambassador James F. Moriarty. Reasons 1.4(b) and (d)

Summary
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¶1. (S) During a September 9 meeting, the Ambassador and visiting SCA A/DAS Owen outlined for Prime Minister Sheikh Hasina opportunities for strengthening the bilateral partnership. They noted that a series of upcoming high-level meetings would focus on identifying areas for expanding the relationship, including in fostering greater trade and investment. The Ambassador expressed appreciation for improved counter terrorism cooperation and encouraged efforts to strengthen Indo-Bangladesh relations. On the domestic front, the Ambassador highlighted for the Prime Minister the danger of allowing corrupt officials to derail progress.

Senator Kennedy's Death Mourned
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¶2. (C) The Ambassador and A/DAS Owen met September 9 with Prime Minister Sheikh Hasina to deliver an invitation from the President to a peacekeeping summit meeting during UNGA (reftel). Hasina was joined by foreign affairs advisors Gowher Rizvi and Mohammad Ziauddin, as well as Secretary to the Prime Minister's Office Molla Waheeduzzaman and Principal Secretary Abdul Karim. The Ambassador expressed appreciation for the outpouring of sympathy from Bangladesh following the death of Senator Kennedy. Hasina said she had always considered the late Senator a great friend, both to Bangladesh and to her family. She recalled his 1972 visit to her family home and lauded his support to the Bangladeshi cause during the 1971 Liberation war. Hasina added that Kennedy's support had continued in the ensuing years, noting their frequent meetings and the Senator's unwavering support for democracy in Bangladesh. The Ambassador agreed that Senator Kennedy had played a critical role in building the bilateral relationship, particularly during the immediate post-independence period.

High Level Engagement and Opportunities
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¶3. (C) The Prime Minister said she looked forward to meeting the President in New York and also appreciated the Secretary's invitation to a lunch with fellow female leaders September 24. ADAS Owen updated the Prime Minister on preparations for Foreign Minister Dipu Moni's September 14 - 17 visit to Washington, in particular her meeting with the Secretary. Owen noted the tremendous potential for further strengthening the U.S.-Bangladesh partnership, focusing on

expanding trade and investment, building democracy, and fighting terrorism. Owen added that as a secular state with a Muslim majority, Bangladesh could play an important role as we meet the ambitious goals President Obama outlined during his Cairo speech.

Harnessing the Bangladeshi Diaspora

¶4. (C) A/DAS Owen highlighted our desire to work with the vibrant and growing Bangladeshi community in the United States, including through the establishment of a "Bangladesh Foundation" in the U.S. Prime Minister Hasina welcomed this idea, agreeing that the Bangladeshi community in the U.S. was becoming increasingly economically and politically powerful. The Prime Minister said Bangladesh wanted to attract increased investment, including from the diaspora community. The Ambassador noted signs of economic recovery in the U.S., adding that this would likely result in greater opportunities for bilateral trade.

Trade and Investment

¶5. (C) In this context, Owen informed the Prime Minister that the U.S. hoped to conclude a Trade and Investment Framework Agreement (TIFA) with Bangladesh. The Ambassador recalled previous discussions with the Prime Minister about a TIFA agreement, stressing that this primarily committed both parties to establishing a framework to talk about trade and investment issues. Hasina promised to study the proposed text and seek advice from her Cabinet. Responding to a

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question from the PM, the Ambassador explained that past attempts to conclude an agreement had fallen apart when the then-BNP government objected to the inclusion of standard language regarding corruption.

Civil Military Relations

¶6. (C) The Ambassador informed the PM that a team from the Asia Pacific Center for Security Studies was in Dhaka working on preparations for a November workshop on Civil-Military relations. The Ambassador thanked the PM for her government's support of this effort and said we looked forward to helping to facilitate a discussion on this important issue. The PM echoed earlier comments by her advisors, reiterating the importance she attached to this issue.

Regional Cooperation

¶7. (S) In a smaller group meeting along with A/DAS Owen, the Ambassador thanked the Prime Minister for her government's excellent cooperation on counter terrorism, including help in disrupting possible attacks in India. The Ambassador emphasized that recent developments in the U.S. - India relations would also yield benefits for Bangladesh. Likewise, the United States welcomed efforts by Bangladesh and India to enhance cooperation on transportation, energy, and counter terrorism.

Business Interests Threatened by Corruption

¶8. (C) Turning to commercial advocacy issues, the Ambassador thanked the PM for recent decisions to award offshore gas exploration blocks to Conoco Phillips and to allow a Chevron gas compressor project to move forward. The Ambassador encouraged the Prime Minister to develop Bangladesh's coal resources. At the same time, the Ambassador shared concerns that Boeing's deal to sell aircraft to Biman was under attack from vested quarters. The Ambassador emphasized that the

Boeing deal had been conducted in a transparent manner and was in the best interests of Biman and Bangladesh. If the deal were reopened, that would have a chilling effect on the business climate and send the signal that all deals were open for renegotiation.

Breaking the Grip of Corruption =====

¶9. (S/NF) The Ambassador frankly told the PM that in this and other instances where US companies faced problems, including the shipping sector, we saw the hands of rent seeking and obstructionist elements in the bureaucracy. A symbol of this phenomenon was the PM's own Secretary, Molla Waheeduzzaman, who had been involved in attempts to scuttle the Boeing deal and who had helped to kill an Export Processing Zone in Chittagong. The Ambassador reminded the PM that Molla had attempted to defraud the US Government when he absconded from a DS-ATA funded training program in 2008. While Molla had repaid almost USD 9,000 to the USG (raising questions about his ready access to large amounts of foreign currency) his behavior then and since raised important questions about his suitability for such high office.

Comment =====

¶10. (C) The Prime Minister was largely in listening mode during this meeting. She was looking forward to meeting the President in New York and appreciated our efforts to arrange the Foreign Minister's visit to Washington. We have no doubt that the Prime Minister values close U.S.-Bangladesh relations and has appointed senior advisers who share her commitment. Her biggest weakness is the ability to implement her vision, particularly in the face of retrograde elements within her administration. Unfortunately, there are few who will tell the truth to the Prime Minister about the failings within her administration. As a result, it is important that we continue to do so when needed, even as we point to the real opportunities that exist in Bangladesh.
MORIARTY